

# SENATE BILL REPORT

## SB 5730

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As of February 13, 2009

**Title:** An act relating to enhanced federal financing of health coverage.

**Brief Description:** Enhancing federal financing of health coverage.

**Sponsors:** Senators Keiser, Pflug and Kohl-Welles.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/12/09.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Mich'l Needham (786-7442)

**Background:** The Department of Social and Health Services (DSHS), Health Recovery Services Administration (HRSA), administers the state's medical assistance programs which include Medicaid and the State Children's Health Insurance Programs (SCHIP). The federal programs are established in the Social Security Act under Titles XIX and XXI, respectively. In general, the Medicaid program has categorical eligibility that focuses on low-income children, low-income families, or low-income individuals that meet the aged, blind, or disabled definitions. Other adults not eligible for these programs may have access to medical coverage through the state-funded programs such as the General Assistance Unemployable (GAU) program or the Basic Health program; however, the Governor's budget proposal for the upcoming biennium included elimination of the GAU program and a 42 percent cut of the Basic Health program.

Although state law has realigned the medical assistance programs for children as one unified program under Apple Health, specific programmatic functions remain separately outlined in federal Medicaid and SCHIP law, with some variations. For example, Title XIX Medicaid programs are authorized to participate in Employer-Sponsored Insurance (ESI) programs that "buy" enrollees into their employer coverage when it is cost-effective for the state to do so. To date, the Title XXI SCHIP program has not been included in the ESI option, nor have the SCHIP children been included in the federal Vaccines for Children program that largely finances the vaccines for all Medicaid children.

**Summary of Bill:** DSHS must submit a request to the federal government to expand the medical assistance program, with the goal of gaining federal financial participation for low-

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income adults with family incomes up to 200 percent of federal poverty level, or if not permitted, to explore expansion of categorical eligibility to include additional adults. The expansion proposal must explore a number of policy considerations, including the establishment of a single eligibility standard and the delivery as one program; a core common benefit package that may be similar to the Basic Health package or an alternative that may be approved by the Secretary of the federal Department of Health and Human Services, with the option of providing supplemental coverage for categorical populations like children and the aged, blind, and disabled.

The program must consider creative and innovative approaches for benefit design, including coverage of preventive services, cost-sharing options, use of care management and care coordination programs, predictive risk modeling, and mandatory enrollment in managed care. The proposal must consider options to impose enrollment limits or benefit design changes for groups not eligible under the current Medicaid state plan. DSHS must hold stakeholder discussions to allow refinement and public comment on the proposal. Upon development of the proposal, DSHS and the Health Care Authority (HCA) must identify statutory changes to allow successful and timely implementation of an Apple Health program for adults.

DSHS must submit a request to the federal government to incorporate SCHIP children into the Medicaid program as may be allowed, in order to maximize access to the federal Vaccines for Children. In addition, the department must submit a proposal to allow SCHIP children to participate in the department's employer-sponsored program.

The HCA is provided statutory authority to seek any available federal funding to support operation of a health insurance exchange.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The application for a waiver and expansion of medical assistance is an important down payment in efforts to reach comprehensive reform. Recent polls of voters indicate that the majority support health care reforms. This is a wonderful first step to covering everyone by 2012. Expanding the coverage up to 200 percent of the federal poverty level should reach 71 percent of the uninsured. This sends a strong message to the federal government that Washington is interested in change and is willing to be a laboratory for reform. This is the most realistic, concrete step Washington can take today towards reform. This step is consistent with the value statements and goals endorsed by the medical association. Leveraging federal dollars may help us maintain coverage and allow us to maintain immunizations for all children. The state should also apply for a revised family planning waiver that may restore the eligibility the waiver had in 2005. Additional federal funding is an excellent idea, but we need to be careful to not dilute the benefits for current enrollees and maintain their comprehensive coverage. The waiver development process needs to be open and transparent to ensure public input.

**Persons Testifying:** PRO: Robby Stern, Bob Crittendon, Healthy Washington Coalition; Ingrid McDonald, AARP; Len McComb, Community Health Network of Washington; Cynthia Markus, Washington State Medical Association; Teresa Mosqueda, Children's Alliance; Jennifer Allen, Planned Parenthood; Janet Varon, Northwest Health Law Advocates.